



The appraisal profession - Looking ahead, the current system needs some enhancements

June 13, 2013 - Appraisal & Consulting

Do you remember how you became an appraiser? Did you have a friend in the business? A mentor? A family member? Perhaps someone who brought you into the business? Think about how you would get into the business today if you were starting out.

We like our profession for different reasons. Part of our fondness comes from the fulfillment of carrying out the appraisal process, the mental challenge of solving the "puzzle," the fieldwork, the variety in assignments, the people we meet, the flexibility, and the satisfaction in providing a critical service.

We work for banks, mortgage companies, lenders, the government, corporation, individuals. We work within corporate structures, lending environments, in institutional and governmental settings, in small companies, for ourselves.

We are licensed individually. We have our responsibilities under USPAP as appraisers. We have our professional opinions which take precedence over our very personal opinions.

It's a challenging, mostly fulfilling profession. At best, we are looked at as impartial, responsible providers of independent and credible opinions. At worst, we are looked at with scorn and condescension, with a lack of understanding of what we do, as order takers/numbers makers. Recent regulation and oversight has created even more work of doubtful relevance.

We take our responsibility to maintain the public trust seriously. We complain about low, slow pay, abusive clients, and difficult working environments. Nonetheless, most of us probably would not rather be doing anything else.

Is an appraiser shortage upon us? My own experience bears this out: no doubt yours may too. Studies show that expected employment of appraisers (and assessors) will rise only 7% between 2010 and 2020: this is slower than the rate of all occupations. License numbers are down. Why has this happened, as the current need for appraisers is strong?

We remember the financial meltdown. There were several years where there wasn't much demand for anything, including appraisal services. Things have changed in a very short time in real estate markets, and the need for appraisal services for lending purposes has revived significantly.

Entry level classes are once again filling up. Appraisal firms are looking for associates. Clients are looking for appraisers that can do quality work in a reasonable time frame.

There are barriers to entry to the profession. Many lenders won't accept trainees signing reports. This shuts out many potential appraisers from acquiring necessary experience. The Appraisal Qualifications Board (AQB) has created high barriers to entry into the profession with requirements to increase going forward.

Appraisal organizations provide education which is often expensive and difficult to access and which requires travel. On line primary education, as it matures and becomes accepted, will likely solve that problem, but it may not be a total solution.

As the vast majority of appraisers do residential work for lending transactions, is the system set up to serve the requirements of this system? Clearly, the real estate crash did nothing to enhance confidence in the lending system but do high entry requirements raise the quality of the applicant? Maybe so. Does requiring a college degree really advance the needs of the profession? Do we need a more realistic two-tiered system? Is the higher education system set up to train appraisers? It's not. Other professions have college training. Appraisal has been working at this for many years and has had little success in making training part of a college education, just like engineering or accounting.

Jobs are still hard to come by. Is entry into the profession being encouraged? Many young people view residential appraisal as a vocational track. Then they see the daunting requirements and the relatively poor initial prospects. Many newer entrants are job changers, second careers. Are appropriate opportunities available in the largely balkanized employment environment of mostly small, independent shops?

How do we make appraising accessible to newcomers? The current system needs some enhancements.

Assuming that appraisal demand stays steady or increases, there won't be enough appraisers coming in to replace those going out. With a shortage of bodies, users may well look to other solutions. In these scenarios, appraisers will once again not be in control of their profession and will be scrambling to react.

William Pastuszek, MAI, SRA, MRA heads Shepherd Associates, Newton, Mass.

New England Real Estate Journal - 17 Accord Park Drive #207, Norwell MA 02061 - (781) 878-4540